



FOR IMMEDIATE RELEASE

September 20, 2007

**MAYOR JERRY SANDERS
NEWS RELEASE**

**Sanders Announces Appointment of
Eduardo Luna as City's Internal Auditor**

***Appointment Will Enhance City's Internal Controls and Financial
Reporting Practices as Recommended in Kroll Report***

Mayor Jerry Sanders today announced the appointment of Eduardo Luna as the City's Internal Auditor. Luna, who currently serves as the Deputy City Auditor in San Jose, California, was chosen following a nationwide search for qualified professionals familiar with municipal finance and accounting procedures. The Mayor chose Mr. Luna after consulting with members of the City Council's Audit Committee, who interviewed candidates for the position. His appointment by the Mayor will help ensure that the City's internal controls and financial practices are consistent with industry best-practices as well as the recommendations made in the Kroll report released last year.

Mr. Luna, 41, will report directly to the City's Chief Operating Officer, pending a public vote on the future of the auditing function. Even during this interim period, the separation of the Internal Auditor from the Comptroller is an important break with the past and consistent with industry best practices in government accounting circles. Pending a public vote next year formally separating the two functions, this interim solution is also a solid step forward in satisfying the recommendation made in the Kroll report.

Earlier this year, the Mayor and City Council reached accord on a "Statement of Operating Principles" that will guide the Internal Auditor's work during this interim period. That statement puts a priority on financial reporting efforts, completion of the City's Comprehensive Annual Financial Reports (CAFRs) and management of the internal controls necessary to ensure the City continues to meet financial reporting standards called out by Kroll and in the settlement agreement struck with the Securities and Exchange Commission.

Mayor Sanders supports the formal bifurcation of the auditing and comptroller functions. He anxiously await a recommendation from the Charter Committee toward this end.

Mr. Luna will be paid an annual salary of \$168,000 and will serve as an "at will" employee without a contract. He will begin work October 22, 2007.